

**City Light Advisory Board  
Meeting Summary  
September 2, 2003, 8:30 am – 12:00 pm  
Boards & Commissions Conference Room L2, City Hall**

Board members: Jay Lapin, Carol Arnold, Donald Wise, Sara Patton, Maura O'Neill, Randy Hardy

Also present: Jim Ritch, Superintendent (City Light), Andrew Lofton (Mayor's Office), Thomas Dunlap (Department of Finance), Carol Butler (Legislative Central Staff), Julie Tobin (Office of Policy & Management)

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Discussion with guests Steve Reynolds, Chief Executive, Puget Sound Energy and Steve Klein, Superintendent, Tacoma Power.

After brief introductions, and at the Board's request, Steve Klein and Steve Reynolds each gave a brief overview of the following topics:

- The major resource acquisition, environmental, regulatory, and other challenges facing Northwest utilities over the next 5 - 10 years and their key strategy elements for positioning each utility to meet those challenges.
- The key metrics/performance indicators tracked to evaluate each utility's overall performance.
- The contrasts between the utilities and how those challenges and strategies may or may not apply to City Light.
- Areas or issues the Board might prioritize for attention.

Following the presentations, the Board and guests engaged in a question and answer session.

Advisory Board Business

- The Advisory Board agreed that Jay Lapin would continue to act as facilitator for the rest of the year; the facilitator role will be rotated; and a decision on the rotation timeline will be made before the end of the year.
- The Board agreed a spokesperson is not needed as all board members can speak for the board. Prior to key meetings/interviews, the Board will coordinate and have a discussion where possible. The holding statement for the press is also in place. When formal press interviews, such as, editorial board meetings, are scheduled it is the preference of the Board to have two members participate.
- Jay Lapin asked the Board for comments on the draft answers to Bob Royer's questions for the SCL employee newsletter by Wednesday, September 3.
- Maura O'Neill and Carol Arnold will attend the SCL leadership group meeting on September 24. Jay Lapin has a scheduling conflict. Other board members who can attend should contact Carol.
- Carol Arnold owes the group a consolidated report on the Board's outreach meetings/issues.

Board Workplan Development

The Board agreed to select and prioritize issues from the August 27 master list and identify two possible key findings and recommendations to be included in the January 2004 report. Working from the list of items, the Board discussed and prioritized issues as follows:

Randy Hardy

- 1) C. Financial strategy, policies and condition
- 2) A. Power resource portfolio strategy 1-5
- 3) D. O&M budget and CIP (more of a mid-term selection)

The debt equity ratio, outstanding debt and other financial policies are important. There is a need to discuss the rate related realities that go with the O&M and CIP. With regard to power resources, the decision to renew or renegotiate Klamath will happen in a year. Perhaps SCL should look at base load alternatives.

Maura O'Neill

- 1) C. Financial strategy, policies and condition
- 2) A. Power resources portfolio strategy combined with B. Risk management in power marketing.

The first and foremost responsibility should be to rebuild trust between Seattle City Light and its customer/owners.

Carol Arnold

- 1) C. Financial strategy, policies & condition combined with D. O&M Budget and CIP.
- 2) A. Power resources portfolio strategy combined with B. Risk management & power marketing.

Focusing on the financial strategy will restore value for SCL owners - the public. Take a hard look at O&M budget and capital expenditures. Focus on these areas should be a priority for the new Superintendent. When looking at power management/marketing avoid the temptation to second guess what was done in past. The Board can have value by establishing a process that all agree on.

Add SCL's role in the region to the quick hits list.

Sara Patton

- 1). C. Financial strategy, policies & condition 1-3 combined with D. O&M Budget & CIP.
- 2) A. Power resources portfolio strategy 1-5 and B. Risk management in power marketing.

Financial health supports clean energy and consumer protection. City Light's participation in regional institutions such as the Public Power Council has been influential and positive in the past even when SCL did not fully prevail.

Don Wise

- 1) C. Financial strategy, policies & condition.
- 2) A. Power resources portfolio strategy.

For longer term issues add a third item - competence and capacity - with a focus on governance, culture and strategy. Add regionalization as a possible fourth issue.

Jay Lapin

- 1) C. Financial strategy, policies & condition and D. O&M budget & CIP
- 2) A. Power resources portfolio strategy and B. Risk management in power marketing.

The Board can take on culture and governance issues in January – along with the new Superintendent.

The Board identified two issues to focus on - financial strategy and power resource/marketing – and agreed to break into two working groups for each finding/recommendation.

Financial strategy, policies and conditions - Maura O'Neill, Don Wise, Jay Lapin

Power management/marketing – 1A, 1-5 & B - Carol Arnold, Sara Patton, Randy Hardy  
Carol offered to take the lead organizing this group.

Each group will develop a detailed Fall workplan, conduct interviews and bring a set of recommendations to the October 14 Board meeting. Volunteers will be needed to fit the two reports together into a broader framework. The goal is to complete the report before January.

The Board agreed to provide Jay Lapin with a section-by section rating on urgency and workload required for all the other issues on the list (not covered by the report). The goal is to identify additional issues or recommendations to be included in the January report or to defer into the 2004 work plan. The issues should be rated as immediate attention, mid-term project (2004) or long term project. The Board should also indicate how much time is needed to spend on each issue, i.e. high level, moderate or little work required. Jay will turn this information into a matrix and give back to the Board for review.

#### Superintendent Hiring Process

Andrew Lofton reported the Superintendent Hiring Process is going as scheduled. The goal is to conduct first round interviews during the third or fourth week in October and final interviews the first week in November. The Mayor will want the Board to meet with the final candidates and Andrew will coordinate this with the Board.